

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

February 2, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee

ABSENT: None

1. Executive Session

The meeting was called to order at 6:00 p.m. by Mayor Marshall, who presided.

2. Study Session

(a) ARCH (A Regional Coalition for Housing) Budget and Work Plan

City Manager Steve Sarkozy opened the discussion by briefly explaining the City's participation in ARCH (A Regional Coalition for Housing), a group of 15 cities in King County working together to provide affordable housing projects. He noted ARCH is currently a semi-finalist in the Innovations in American Government Awards competition sponsored by the Kennedy School of Government, Harvard University. Art Sullivan, ARCH Executive Director, recalled that ARCH was founded in Bellevue 12 years ago based on the work of a citizens task force and action by the City Council.

Mr. Sullivan requested Council approval of the 2004 ARCH budget (Page SS 2-12 of the Council packet) and work program (Page SS 2-3). He highlighted the following items in the work program most relevant for Bellevue: 1) continued administration of the ARCH Housing Trust Fund, 2) community outreach regarding accessory dwelling units (ADUs), 3) assist Bellevue staff with updating the Housing Element of the Comprehensive Plan, 4) work with Bellevue staff to encourage work force housing in the downtown, and 5) work with Bellevue staff to evaluate long-term options for the Landmark property. Mr. Sullivan noted the 2004 budget represents a three percent increase over last year. Bellevue's contribution increases slightly more than two percent.

Councilmember Lee praised ARCH for its ongoing work to provide needed housing projects and commented on the need for more attention to housing for older citizens. He expressed support for the budget and work program.

Responding to Mayor Marshall, Mr. Sullivan said ARCH works with Metro to coordinate transit and housing planning.

Mrs. Marshall said Council will take action on the budget and work program under Regular Session Agenda Item 11(a).

(b) ARCH Fall 2003 Funding Recommendations

Mr. Sullivan requested Council's consideration of Resolution No. 6959 [Regular Session Agenda Item 11(b)] authorizing the City Manager to enter into agreements for two projects recommended by the ARCH Executive Board: Issaquah Highlands and ARCH Homebuyer's Assistance Pilot Project. Shelter American Group (SAG) proposes to build 51 units of rental housing for households between 30 to 60 percent of the median income on a site in the Issaquah Highlands. The Homebuyer's Assistance program will provide down payment assistance to potential homebuyers earning up to 80 percent of the median income for East King County. Currently there is no such program in East King County.

Responding to Councilmember Lee, Mr. Sullivan said there are different requirements for residents of transitional and permanent housing. Those in transitional housing are charged rent depending on their ability to pay and are typically receiving other services including education and counseling.

(c) Overlake Hospital Medical Center Expansion/NE 10th Street Extension

Mr. Sarkozy described the planned expansion of Overlake Hospital Medical Center in a joint venture with Group Health Cooperative. In order to accommodate this expansion, the City has initiated planning and design for the extension of NE 10th Street from 112th Avenue across I-405 to 116th Avenue.

Transportation Director Goran Sparrman reviewed background factors leading to the current project. Last year the Downtown Implementation Plan Citizen Advisory Committee (CAC) recommended the extension of NE 10th Street with new freeway connections. The Washington State Department of Transportation (WSDOT) conducted a design study for the widening of I-405. Overlake Hospital received a Certificate of Need for an 80-bed addition. The City applied for and is awaiting award of a \$1 million grant from the Federal Highway Administration (FHWA) to coordinate the extension of NE 10th Street with the hospital expansion project and for overall transportation planning for the area around the hospital. Group Health announced plans to relocate to the Overlake Hospital Medical Center campus, and Overlake Hospital Medical Center is working to update its Master Plan.

Transportation Assistant Director Kris Liljeblad explained that the recommendations of the Downtown Implementation Plan CAC are being advanced through the Planning Commission and

Transportation Commission review process to be included in Comprehensive Plan amendments to be adopted by the end of this year. The extension of NE 10th Street will provide an additional route for drivers on the north end of downtown.

The I-405 Corridor Study was completed in 2002 and implementation is underway. Mr. Liljeblad said WSDOT's evaluation of the City's proposal to extend NE 10th Street turned out to be the best alternative tested in terms of its compatibility with plans to widen I-405.

Land Use Director Carol Helland explained that Overlake Hospital Medical Center's 1999 Master Plan is no longer consistent with the hospital's needs. In 2003, the hospital received a certificate of need from the State for an 80-bed expansion and entered into a partnership with Group Health to build a larger facility. Ms. Helland said the bill providing the FHWA grant has been signed and the City expects to receive the grant funds in April. The certificate of need requires construction of the hospital expansion to begin by September 2004.

Ms. Helland described the proposed memorandum of understanding between OHMC, Group Health, WSDOT, and the City to define a common purpose, articulate expectations, and adopt a decision-making model. The MOU describes associated projects, outlines stakeholder roles and responsibilities, and allocates project costs.

A project management consultant (Mike Hubbard, Capstone Partners) has been hired to oversee the overall project and act as liaison between the executive committee and the staff team. The project staff team is comprised of Ms. Helland, Mr. Liljeblad, Janet Donelson (OHMC), Phil Wood (GHC), Denise Cieri and Brian Nielson (WSDOT). Executive committee members are Kenneth Graham (OHMC), Peter Adler (GHC), Craig Stone (WSDOT), Steve Sarkozy, Goran Sparrman, and Matt Terry (COB).

Ms. Helland said four preliminary studies have been identified to be completed over the next few months. The first is a land use analysis of the OHMC Master Plan, which will develop up to four alternative site layouts. Mr. Liljeblad reviewed three related transportation studies: 1) NE 10th Street Pre-Design Study, to be completed in April by WSDOT, 2) 2030 Model Platform, to be consistent with I-405 Corridor Study and for future application to high-capacity transit (HCT) planning, and 3) NE 10th Street Traffic Operational Analysis, to be completed by May. Upon receipt of the FHWA grant in April, the NE 10th Street Extension/OHMC Transportation Efficiency and Development Patterns (TEDP) Study will be initiated to develop transportation solutions and design measures to mitigate environmental impacts. A consultant will be selected later this month to conduct this study, which is anticipated to run through the summer of 2005.

Ms. Helland reviewed the cost-sharing agreement for the projects, an expedited review time line for the hospital's 80-bed tower, and a general review time line for the new OHMC Master Plan. Later this month, staff will request Council approval of the MOU and grant funding expenditures. Staff will provide progress reports to Council as the preliminary studies are completed. OHMC is beginning its design process for the permitting of hospital improvements.

Dr. Davidson questioned the impact of the decision to not build a new I-405/SR 520 interchange. Mr. Sparrman said the estimated cost of \$1 billion for the project caused the Department of

Transportation to look for less expensive alternatives. Responding to Dr. Davidson, Mr. Sparrman said the FHWA grant will study transportation solutions for the Overlake and Wilburton areas as well as access to and from I-405 and SR 520. Dr. Davidson and Mayor Marshall requested additional information on the cost-sharing agreement.

Mayor Marshall requested a more detailed briefing on the specific components of the preliminary transportation studies to be conducted in the new few months and how they relate to each other. She is pleased with the development of the MOU and the creation of a project team representing all of the partners.

Responding to Deputy Mayor Noble, Mr. Liljeblad said the near-term traffic operational analysis and the TEDP Study will include a review of 116th Avenue.

Mayor Marshall thanked staff for the presentation.

(d) Municipal Network Business Plan

Mr. Sarkozy opened discussion regarding the development of a business plan for building and operating a municipal network.

Toni Cramer, Chief Information Officer, introduced Tom Asp with Virchow Krause, a CPA firm working with Broadband Development 3 and the City to develop the business plan.

Mr. Asp said the overall goal of the business plan is to identify technology assets and determine how best to utilize them for the community's benefit. Consultants will interview local businesses and groups over the next two weeks to discuss services currently used, the cost of services, and overall technology needs. Phone surveys will be conducted with businesses and residents, and a mail survey will be sent to local businesses. Additional components of the study include a review of existing voice, video, and data providers; a review of technology trends to fit the community's needs; and a financial analysis of alternatives.

Mr. Asp discussed related issues facing local governments including right-of-way management, technology connectivity as an economic development tool, controlling costs while increasing efficiency, and inadequate or slow deployment of technology by existing providers. He described the shift from a broadcast model to a narrowcast model in which technology services are tailored to the individual user.

Dr. Davidson expressed concern about the government's role in establishing municipal networks. He feels if the private sector is not pursuing this business more aggressively perhaps this is an indication of an insufficient market or an inability to be profitable. Mr. Asp confirmed this is a key issue, along with state and federal regulations, to be addressed in the study. Fiber infrastructure typically involves a 20 to 30 year payback period and private companies can be reluctant to pursue this type of long-term investment.

Mr. Asp reviewed examples of municipal networks beginning with Tacoma, which promotes itself as the most wired community in America. Tacoma installed a hybrid fiber coax (HFC)

network that helped to lower cable television rates, but Mr. Asp questioned whether it was the best investment to position the community for its long-term future. Tukwila is implementing a fiber to the premises (FTTP) infrastructure to provide fiber services to every household. Mr. Asp questioned whether there will be sufficient revenues to support this type of service.

Mr. Asp explained that Michigan took a different approach. Instead of developing infrastructure, the LinkMichigan project is looking at ways to enhance economic development and overall quality of life by exploring and facilitating the demand, affordability, and accessibility of high-speed and broadband data connectivity services.

Los Angeles' optional network (LA On) is similar to Bellevue's efforts to connect City facilities and work with the school district. Ms. Cramer said Bellevue's study is focused in part on identifying ways to maximize the community's current assets.

Mr. Asp described the creation of the Utah Telecommunications Open Infrastructure Agency (UTOPIA) in a state where municipalities are prohibited from providing retail-type services. This joint project of 18 communities will build fiber infrastructure at an estimated cost of \$470 million but will not offer retail services. Providers will be charged to access the network and provide services, and cost recovery of the investment is projected at 15 to 20 years.

Mr. Asp noted that residents in Chicago are being videotaped essentially anywhere they walk in public as the result of technology and homeland security initiatives. Mayor Marshall emphasized this is not Bellevue's goal. Ms. Cramer said another potential model is one in which all residents can view cameras around the community.

Responding to Mr. Lee, Ms. Cramer said the Virchow Krause study will provide the needed market analysis and present options for an appropriate strategy for the City. Responding to Mr. Degginger, Ms. Cramer said the study will provide an analysis of the two or three most feasible options that emerge from the assessment. Responding to Mayor Marshall, Ms. Cramer said the City of Kirkland is a funding partner in Bellevue's study.

Mr. Lee noted that technology changes rapidly and questioned whether fiber is the appropriate long-term investment. Mr. Asp said the study will analyze options in terms of their lifetime investment and risks.

3. Council Business [Regular Session Agenda Item 6]

Mr. Degginger reported that Councilmembers held their annual retreat during the past few days.

Ms. Balducci attended the second workshop for the West Lake Sammamish Parkway project.

Dr. Davidson and Ms. Balducci attended the Association of Washington Cities (AWC) conference.

Mr. Lee reported on the *Reinvesting in Youth* initiative and the Bellevue Convention Center Authority (BCCA) Board meeting.

Deputy Mayor Noble referred to materials in Council's desk packet and explained that the Puget Sound Regional Council (PSRC) Transportation Policy Board is scheduled to take action on the use of federal funds (\$91 million) at its February 12 meeting. The issue is the split of funds between regional and countywide projects. Several Eastside Transportation Partnership (ETP) members have expressed support for more funding to regional projects, but ETP did not adopt a formal position. A task force of PSRC Policy Board members and chaired by Mayor Marshall recommends a split of 67 percent for regional projects and 33 percent for countywide projects. This translates roughly into 57 percent for regional projects because 10 percent is dedicated to enhancement projects (pedestrian, bicycle, park trails, etc.). Mr. Noble briefly reviewed alternative proposals for allocating the funds, which are summarized in the desk packet materials.

Deputy Mayor Noble advocates a minimum of two-thirds to regional projects. He spoke in favor of a larger allocation (77 percent) to regional projects so that the net result provides two-thirds of the funding to regional projects. Following brief discussion, Mayor Marshall noted Council's concurrence with this approach.

At 7:52 p.m., Mayor Marshall declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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